

ARTICLE APPEARED
ON PAGE A6WASHINGTON POST
7 July 1984

Prosecutors Obtain Indefinite Delay in Trial of Accused Spy

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The trial of accused spy Richard Craig Smith, originally scheduled to begin Monday in Alexandria, was postponed indefinitely yesterday when federal prosecutors said they needed more time to examine the classified information that Smith's defense attorneys wish to use.

Much of that information, Smith's attorneys maintain, tends to corroborate Smith's claim that he was working for the Central Intelligence Agency when he provided the identities of six U.S. double agents to a Soviet KGB officer in Tokyo.

According to Smith's lawyers, a substantial portion of the classified material is contained in documents of the defunct Honolulu investment firm of Bishop, Baldwin, Rewald, Dillingham and Wong.

The documents have been sealed by a federal court in Honolulu at the request of the CIA. The firm's former head, Ronald Rewald, has said that the investment company had extensive ties to the CIA. The records recently were turned over to U.S. District Judge Richard L. Williams.

Smith, a former Army counter-intelligence specialist, is accused of providing the identities of the U.S. agents in exchange for \$11,000. If convicted of conspiring with the KGB officer or of transmitting national defense information, Smith faces a maximum sentence of life imprisonment.

Smith, 40, contends that he was working for two CIA contacts who gave him a Honolulu telephone number as his contact upon his return to the United States. The number was one of those used at Bishop, Baldwin.

The CIA has acknowledged "a slight involvement" with the investment firm, but has said that it has no records of Smith or his two alleged CIA operatives.

Since Monday, the defense and the prosecution have been meeting daily in lengthy closed-door sessions before Judge Williams to determine which classified material, if any, will be allowed into court. The hearing is required under the federal Classified Information Procedures Act.

It was not until late Thursday, however, that federal prosecutors indicated that they needed additional time, the judge said Thursday.

"The government decided at the 12th hour that they need more time," A. Brent Carruth, one of Smith's lawyers, told reporters yesterday before resuming another closed-door session on the classified material. "We've announced ready. These documents are so strong that, if we can get them in, we will win."

Under federal law, the judge must rule on what information can be disclosed. That ruling is not expected until next week. The government then has 10 days to decide whether to appeal the ruling to a federal appeals court, which would have to resolve the issue before the trial can begin.

The defense cannot appeal Williams' decision.

Although an appeal on what information could be admitted would be handled by the 4th Circuit Court of Appeals on an expedited basis, the delay could take up to three or four months, the judge said.

Because of the possibility of a lengthy delay, he granted permission for Smith to travel outside Virginia's Eastern District to Bellevue, Wash., where he had lived before his arrest in April, or to any other district where relatives are caring for his four young children.

The judge has scheduled another pretrial hearing next Thursday to determine whether federal prosecutors can introduce the results of polygraph tests that the FBI had given to Smith.